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AUTHOR	Riddle, Wayne
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ABSTRACT

This review of the key issues likely to surround the reauthorization of Chapter 1 covers allocation formulas, selection of schools and students, fiscal issues, and accountability. As Chapter 1 is the largest federal elementary and secondary education program, with appropriations of over $6.1 billion in fiscal year 1993, a concern of reauthorization will be how to more systematically identify key elements of the most effective programs, disseminate information about them, and provide additional incentives to adopt more effective policies and practices. Interest in modifications of allocation formulas has centered primarily on changes in the most recent census figures, which show different distributions nationally of poor children. Debate over reauthorization is also likely to focus on the most efficient methods of regulating local projects, methods that would assure accountability while providing flexibility to grantees to implement effective programs. In addition, in reauthorizing Chapter 1, Congress may consider ways in which parental involvement in the education of disadvantaged children can be enhanced without adopting burdensome requirements and decide whether or not educational and related services should be expanded to disadvantaged parents of Chapter 1 participants. (Contains seven references). (JB)

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Chapter 1, Education for Disadvantaged Children: Reauthorization Issues

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by
Wayne Riddle
Education and Public Welfare Division

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Chapter 1, Education for Disadvantaged Children: Reauthorization Issues

SUMMARY

The Chapter 1 program provides aid to local educational agencies (LEAs) for the education of disadvantaged children -- children whose educational achievement is below the level appropriate for their age and who live in relatively low income areas. It is the largest Federal elementary and secondary education program, with an appropriation of over $6.1 billion in FY1993. As with other Elementary and Secondary Education Act programs, Chapter 1 is scheduled to be reauthorized by the 103rd Congress.

An underlying theme of recent and proposed amendments to Chapter 1 is that the program has positive yet limited average effects on the educational achievement of disadvantaged children, with significant variation in program effects in different locations. Thus, a key concern is how to more systematically identify key elements of the most effective programs, disseminate information about them, and provide additional incentives to adopt more effective policies and practices. Existing provisions for research, demonstration, evaluation, dissemination, and technical assistance might be broadened and better coordinated.

The Chapter 1 allocation formulas, primarily based on census counts of poor school-age children, have always been the focus of substantial congressional debate. A planned change from use of 1980 to 1990 census data to Chapter 1 grants for 1993-94 would lead to large shifts among States and regions in allocation shares. State shares of the poor school-age population were found to have increased in virtually all Western States, plus some States in the upper Midwest; and to have decreased in virtually all Eastern States. Interest in formula modifications has centered primarily on the new census data and possible means of updating it more frequently in the future. The Congress may consider also the extent to which funds are targeted on schools and LEAs with pupils most in need; addition of factors to increase aid to States with low income, or with high levels of education expenditures relative to their ability to raise revenues; and the formula "cost factor", which is based on State average per pupil expenditure for public education.

Debate over Chapter 1 reauthorization is also likely to focus on the most efficient methods to regulate local projects, assuring accountability while providing flexibility to grantees to implement effective programs. The program improvement requirements adopted in 1988, as well as the evolving role of testing in Chapter 1, will be closely scrutinized. The Congress might consider providing limited authority for Federal or State education agencies to offer regulatory waivers in return for increased accountability that is based on pupil outcomes, rather than the traditional regulation via specified procedures or spending controls. The adequacy of Chapter 1 provisions for technical assistance and research might also be considered.

In reauthorizing Chapter 1, the Congress could consider ways in which parental involvement in the education of disadvantaged children can be enhanced without adopting burdensome requirements; and whether educational and related services should be expanded to disadvantaged parents of Chapter 1 participants. Attention might also be directed toward how to assure equity of treatment of pupils attending nonpublic schools without violating constitutional prohibitions or policy concerns about public subsidy of nonpublic schools.

Current Situation

The Chapter 1 program provides aid to local educational agencies (LEAs) for the education of disadvantaged children. It is the largest Federal elementary and secondary education program, with an appropriation of over $6.1 billion in FY1993 and is scheduled to be reauthorized by the 103rd Congress.

BACKGROUND AND ANALYSIS

The Chapter 1 program provides aid to local educational agencies (LEAs) for the education of disadvantaged children. It is the largest Federal elementary and secondary education program, with an appropriation of over $6.1 billion in FY1993, and it serves just over 5 million pupils per year. This program was first enacted as Title I of the Elementary and Secondary Education Act (ESEA) of 1965; through various stages of legislative evolution it has become Chapter 1 of Title I of the ESEA, or simply Chapter 1. Chapter 1 was last authorized under the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (P.L. 100-297), and will be considered for reauthorization by the 103rd Congress. Chapter 1 is currently authorized through FY1993, with an automatic extension through at least FY1994 if the authorization is not extended in the meantime.

Chapter 1 LEA grants serve "educationally disadvantaged" children -- defined simply as children whose educational achievement is low, regardless of their family income level -- who reside in relatively (in terms of the local context) low income areas. Chapter 1 is a categorical program, with detailed provisions on such program elements as fund allocation or selection of participating pupils and schools, yet it has always provided a great deal of flexibility regarding such basic educational policies as the grade levels to be served, subject areas to be taught, and instructional techniques to be utilized. Policymakers are continuously attempting to strike the "right" balance between Federal guidance to target on effectively serving children most in need, versus flexibility for State and local officials and teachers to decide how best to serve them.

An underlying theme for this reauthorization is that Chapter 1 has positive yet limited average effects on the educational achievement of disadvantaged children, at least as measured by common assessment instruments. However, there appears to be significant variation in program effects in different classrooms, schools, and local educational agencies. As a result, a key concern is how to identify more effective programs, disseminate information about them throughout the Nation, replicate them in widely varying local settings, and provide additional incentives to teachers and administrators to adopt more effective policies and practices. This has been the focus of several of the statutory and administrative efforts of recent years, especially in the areas of program improvement, research, technical assistance, regulatory flexibility, and incentives for improved performance. This is also likely to be the focus of much of the effort to amend Chapter 1 during the 103rd Congress.

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Major Features of the Chapter 1 LEA Grant Program and Issues Related to Them

Active consideration of legislation to reauthorize Chapter 1 will begin early in the 103rd Congress. Thus far, no such legislation has been introduced, nor has the U.S. Department of Education (ED) submitted reauthorization proposals. Therefore, the *probable* reauthorization issues or themes discussed in this brief are based primarily on long term debates over Chapter 1, current national debates over the direction for education reform, and findings of recent Chapter 1 program evaluations.

Allocation Formulas

The Chapter 1 allocation formulas have always been the focus of substantial congressional interest and debate. The formulas use proxy measures -- poor children as a proxy for low achieving children (and to focus aid on relatively low income areas), and State expenditures per pupil for costs of providing education -- the appropriateness of which may be debateable. There is also frequent debate over the value of targeting limited funds on areas most in need, versus distributing funds relatively broadly, to assure wider participation in and greater political support for Chapter 1. Also, the Chapter 1 LEA grant formula is of special interest because it has been used to allocate funds under other programs and proposed for use in still other new programs. Finally, at least once each decade -- when new decennial census data on poor school age children become available for use in the formula -- there is the potential for large shifts in allocation patterns, heightening the interest in making formula modifications.

There are two Chapter 1 LEA grant allocation formulas, for *basic* and for *concentration* grants, although funds from both formulas are combined by recipient LEAs and used jointly. Each is based on each county's number of **formula children** multiplied by a State **cost factor**. The **formula children** are those aged 5-17: (1) in poor families, according to the latest decennial census and applying the Census Bureau's standard poverty income thresholds; (2) in families receiving Aid to Families with Dependent Children (AFDC) payments above the poverty level for a family of four; and (3) in certain institutions for the neglected or delinquent. The number of poor children counted in the Chapter 1 allocation formula is much greater than the other two groups of children.

The Chapter 1 **cost factor**, by which formula child counts are multiplied to calculate maximum authorized Chapter 1 payments, is the State average per pupil expenditure (SAPPE), held to limits of 80% and 120% of the national average, and further multiplied by 0.4. Thus, an average payment goal of 40% of the SAPPE per child counted is established in the formula as the intended level of supplementary funding per child. While the formula child factor is assumed to measure need for Chapter 1 funds, the cost factor is intended to measure, within limits, variations among the States in the costs of delivering elementary and secondary education services.

The current statute requires that 10% of LEA grant appropriations be allocated using a different, *concentration grant* formula, under which only LEAs in counties where formula children equal either 6,500 children, or 15% of the total population aged 5-17, are eligible to receive grants. The concentration grants are not a separate program from basic grants -- they are simply a supplementary fund distribution

mechanism. Actually, the current concentration grant formula is not highly concentrated or focused. The 15% threshold is below the national average proportion of school age children who are counted in the Chapter 1 formula (17% using 1991-92 data), and approximately two-thirds of all children reside in counties that meet one of the eligibility thresholds.

1990 Census. Chapter 1 allocation shares are scheduled to shift substantially among States and localities as 1990 census data on children in poor families are implemented for 1993-94 grants. While the aggregate number of poor school-age children in the 50 States and the District of Columbia was found to have increased by 6% between 1980 and 1990, the change in the number of such children in individual States varied widely, from a decrease of 38% to an increase of 58%. If the Chapter 1 formulas and other relevant factors remain relatively unchanged, this would lead to large shifts in Chapter 1 grants among LEAs, States and regions when the 1990 data are used in the Chapter 1 allocation formulas.

In general, State shares of the poor school-age population were found to have substantially increased in virtually all Southwestern, Northwestern, and Rocky Mountain States, plus some States in the upper Midwest (Michigan, Minnesota, Ohio, and Wisconsin); and to have decreased considerably in the New England, Mid-Atlantic, and Southeastern States. Changes for most other States were less substantial. These shifts in State shares of children from poor families appear to reflect: a general shift in population toward the Southern and Western States; relatively large scale immigration from abroad, especially in such States as California and Texas; and recent regional economic trends. With respect to the latter, it is important to emphasize that these data are based on family income for 1989, when areas such as Texas, Oklahoma, the upper Midwest, and the Rocky Mountain States were in economic distress (e.g., relatively high rates of unemployment and low rates of income growth), but the recent recession had not yet hit the Eastern States as it would in 1990 and 1991.

The relatively large shifts in the distribution of children from poor families between 1980 and 1990 also bring attention to the long time gap between decennial census collections. In theory, such large shifts in allocation shares could be avoided, and grants more accurately reflect the current distribution of poor children, if census data could be updated more often than once every 10 years. While there are currently no other published sources for data on poor school-age children, by county or even State, the Congress might consider the authorization of new surveys, or use of existing ones that provide indirectly related data, to estimate population shifts between decennial Census collections.

Targeting. As noted earlier, 10% of Chapter 1 LEA grants are required by the authorizing statute to be allocated as concentration grants. Funds allocated under the concentration grant formula are limited to counties with at least 6,500 children counted under the Chapter 1 formula, or a formula child rate (compared to total school-age population) of 15% or more. As also noted earlier, this formula is not really very concentrated. Both basic and concentration grants are spread rather broadly, and many LEAs with high average income levels receive Chapter 1 grants. Ninety percent of LEAs participate in Chapter 1; those that do not participate are not usually wealthy LEAs, rather they are tiny LEAs that cannot meet a 10 poor child basic grant threshold. Chapter 1 funds are broadly distributed among schools as well; over 70% of

public elementary schools participate in the program. In contrast, recent studies have found that the poverty of a child's family is more likely to be associated with educational disadvantage if the family lives in a geographic area with large numbers or proportions of poor families. The average achievement levels for **all** students in high poverty schools is lower than that for **Chapter 1 participants** in low poverty schools. Further, the achievement gains resulting from Chapter 1 participation are generally lower, the higher a school's overall poverty rate.

As a result, many have expressed interest in sharpening the targeting of Chapter 1 grants, both to LEAs and to schools. For grants to LEAs, possibilities include raising the concentration grant eligibility threshold, introducing an "absorption factor" for basic grants such that only LEAs with poverty rates above some minimum level (e.g., 5%) receive any grants; or increasing the share of LEA grants to be distributed through the concentration grant formula from the current 10%, perhaps in combination with greater targeting of this formula on high poverty LEAs. Within LEAs, the Chapter 1 school selection methods could be modified to increase the concentration of resources in high poverty schools (see further discussion below).

Other Possible Allocation Formula Modifications. The Congress might consider additional modifications for Chapter 1. Some that have been suggested thus far include: replacement of the current formula cost factor, which results in grants to some States being as much as 50% higher per poor child as in other States, with a single cost factor applying to all States; addition of formula factors to increase grants to States with relatively low income levels, or to reward States that spend relatively high shares of their income on public elementary and secondary education; addition of counts of recent immigrant or limited English-proficient children to the poor children counted in the formula; or deletion of the small number of children counted in the formula because their families receive relatively high AFDC payments.

Selection of Schools and Pupils

Chapter 1 provisions focus on aiding pupils who are the **most** educationally disadvantaged among those attending public schools, or attending nonpublic schools but residing in public school attendance areas, serving the lowest income neighborhoods in an LEA. However, several forms of local flexibility are allowed in the selection of participating schools and pupils, with the result that Chapter 1 services are provided to at least some pupils in a large percentage of public schools.

LEAs may choose the grade levels to be served in their Chapter 1 program. The public schools serving each grade level at which Chapter 1 services will be offered are ranked with the others, on the basis of either their number or percentage of children from low income families. LEAs may then select Chapter 1 schools or attendance areas from among those with the highest number or percentage of children from low income families, in rank order, compared to other schools serving the same grade level. However, several alternative options are provided for this process, e.g., an LEA may serve all schools at the selected grade levels if there is no wide variance in the schools' poverty rates. At least partly as a result of the various forms of flexibility offered to LEAs in their selection of schools to provide Chapter 1 services, relatively large numbers of public schools are selected. According to a recent study, Chapter 1 services are provided to at least some pupils in approximately 64% of all public schools, including three-quarters (76%) of all public elementary schools. This reduces the

impact of other Chapter 1 provisions and policies intended to assure that funds are concentrated on schools with high numbers or percentages of children from low income families, and is inconsistent with the findings that educational disadvantages are greatest in schools with the highest poverty rates.

In general, Chapter 1 participants must be the **most** educationally disadvantaged pupils in public schools selected for Chapter 1 (or residing in those schools' attendance areas but attending nonpublic schools). "Educational disadvantage" is not directly defined in the Chapter 1 statute, and is defined in the regulations only as having an educational achievement level below that appropriate for the pupil's age. Obviously, this definition is highly ambiguous, providing a great deal of local discretion in the selection of pupils to be served.

At issue is whether current policies and practices lead to the selection of the most needy pupils for Chapter 1 services. Chapter 1 policies are aimed at selecting the lowest achieving pupils who also meet certain **additional** criteria -- they live in relatively low income areas, **compared to** others in the **same** LEA; and they are in the grade levels selected by the LEA as a focus for Chapter 1 services. It is possible for LEAs to follow this guidance, yet to have the seemingly paradoxical result that significant numbers of very low achieving children remain unserved, while some children are served by Chapter 1 even though their achievement levels appear to be at or even slightly above average.

These findings could be consistent with current policy mainly because of the ability of LEAs to select the grade levels at which Chapter 1 services are offered -- the unserved low achievers may simply attend school in grades at which their LEA does not offer Chapter 1 -- and imperfections in the allocation process, especially the long time lag between times the census data are updated and the less than complete correlation of pupil poverty and low achievement. With respect to the latter, it is probable that some LEAs receive more Chapter 1 funds than they "need," in the sense of serving all pupils with below average achievement in their relatively low income schools at the grades they select. After serving all such children, they might serve a limited number of the lowest achievers among those above average. At the same time, other LEAs may receive much lower grants than necessary to serve all of their very low achievers.

Fiscal Requirements

The Chapter 1 statute and regulations have always incorporated several interrelated fiscal "accountability" provisions intended primarily to assure that Chapter 1 grants were used for the intended purposes and that the Federal aid represented a net addition to the resources available for the education of disadvantaged children. The concern addressed by the provisions is the possibility that in their absence, Federal funds for the education of disadvantaged children might be at least partially offset by reductions in State or local funds for these pupils, reducing the net increase in resources for the disadvantaged under Chapter 1. Without such fiscal requirements, the net effect of some or all of the Chapter 1 grants might be to assist State and local taxpayers, by reducing their tax burden, not to aid disadvantaged children.

The three major Chapter 1 fiscal accountability requirements are maintenance of effort, supplement/not supplant, and comparability of services. The maintenance of effort requirement prohibits LEAs from reducing their expenditures from State and

local revenues below 90% of the previous year level. The second fiscal requirement is that Chapter 1 grants must supplement, and not supplant, State and local funds and services that otherwise would be provided to Chapter 1 participants from State and local revenues. Finally, the comparability requirement provides that the overall level and nature of educational services in Chapter 1 schools or areas must be comparable -- but not necessarily identical -- to those provided in schools or areas within the same LEA that do not participate in Chapter 1.

The fiscal accountability requirements in Chapter 1 and similar Federal elementary and secondary education programs are well-intentioned, theoretically and historically relevant, and in some cases weaker than in the past. Nevertheless, some observers have criticized them as sometimes having unintended and undesirable consequences, being burdensome to comply with, or establishing barriers to constructive flexibility for local school administrators. Some have argued that local Chapter 1 administrators have frequently used certain instructional methods or structures more because they simplify compliance with fiscal requirements than because they are educationally appropriate or effective. Responses to these concerns have included efforts to highlight degrees of flexibility available to grantees under the current Chapter 1 statute and regulations, plus proposals for broader forms of regulatory flexibility (discussed below). Regarding comparability requirements specifically, some have expressed concern that they only apply to services provided by schools **within the same LEA**, and overlook possibly large differences in resources among schools in different LEAs of the same State.

Accountability and Program Improvement

Chapter 1 contains several provisions aimed at evaluating the performance of individual pupils, schools, and LEAs in the program, and at providing at least a limited amount of technical assistance to those whose performance is not improving. Chapter 1 evaluations must be conducted at least once every 3 years in each LEA, and at least once every 2 years in every State. Each LEA must also "review" its Chapter 1 program operations, particularly its parental involvement activities, every year. The Secretary of Education must submit to the Congress at least once every 2 years a report on the State and local Chapter 1 evaluations. The 1988 amendments to Chapter 1 also required ED to contract with an organization to conduct a national longitudinal study of the effects of Chapter 1 programs on participating children. Subsequent legislation, adopted in 1990 (P.L. 101-305), has mandated that ED conduct a new national assessment of Chapter 1, with results to be available in time for the next scheduled program reauthorization. An interim report from this National Assessment of Chapter 1 was published in June 1992. Particular attention has been focused recently on several related Chapter 1 issues -- the role of testing in Chapter 1 programs, the program improvement requirements adopted in 1988, schoolwide plans in high poverty schools, proposals for increased flexibility in Chapter 1 schools, incentives for improved school performance, plus the adequacy of current technical assistance and research related to the education of disadvantaged children.

Role of Testing. A basic source of concern regarding these and related requirements is that the primary information on Chapter 1 program outcomes consists of pupil scores on standardized, norm-referenced tests. With such tests, scores are compared to those of a nationally representative sample of pupils, with an implicit assumption that scores are distributed among pupils on a "normal (bell-shaped) curve" basis. Under Chapter 1, scores are usually reported as "normal curve equivalents,"

percentile scores that can be aggregated and compared over time. These scores are all relative, bearing no direct relationship to the adequacy of the knowledge gained by pupils. Critics of norm-referenced tests have argued that they provide little, if any, information on what a pupil has learned; are designed much more for sorting pupils than diagnosing their educational strengths and weaknesses; are focused on a narrow range of relatively basic skills; and the tests artificially and unnecessarily assume that one-half of pupils are performing "poorly" (the ones scoring below the 50th percentile), even if a much higher percentage of pupils are performing adequately in terms of knowledge and skills acquired. They worry that the required tests and their results are overemphasized, that they absorb too many resources, that they do not provide useful guidance for improving instruction, and that, since they are required, they may "drive out" alternative forms of assessment due to time and resource limitations. The use of these tests has been specified in regulations mainly because of their capability of being aggregated and compared to outcomes for other pupils -- whether in Chapter 1 or not -- nationwide.

In response to these concerns, ED established in 1991 an Advisory Committee on Testing in Chapter 1, which has not yet completed its deliberations. The role of testing in Chapter 1 will be an issue in the program's reauthorization, not only because recent debates of educational testing policy in the United States have highlighted the weaknesses of standardized, norm-referenced tests, but also because recent program changes, such as the program improvement requirements (see below) have heightened the impact of Chapter 1 test results. Likely directions for proposals to for change the role of testing in Chapter 1 include the following: less extensive testing of pupils for reporting of LEA, State, or nationwide program effects; more encouragement of the use of alternatives to norm-referenced tests at all levels; less overall testing of Chapter 1 pupils; and better integration of Chapter 1 testing with other State and local assessments. Such changes in the role of testing in Chapter 1 would likely require expanded support by the Chapter 1 technical assistance centers (TACs).

Program Improvement. If an **individual pupil** participates in Chapter 1 for 1 year and his/her educational performance has not been found to improve, the LEA must consider modifications in the services provided to that pupil. If pupil performance does not improve after 2 years of Chapter 1 participation, then the LEA is to conduct a "thorough assessment of the educational needs" of the pupil, and how they should be addressed. If the aggregate performance of participating pupils in a **school** does not improve over 1 year, the LEA must develop and implement a program improvement plan. If implementation of this plan does not succeed in improving the school's performance, a joint program improvement plan is to be established by the LEA and the SEA. Throughout all stages of these processes, technical assistance is to be provided by the SEA and, to the extent possible, Chapter 1 TACs.

Surveys of the implementation of the 1988 program improvement provisions found that by 1991-92, approximately 19% of Chapter 1 schools were found to be in need of improvement, even though most States had adopted minimal standards for this process. Another concern is that the program improvement requirements have amplified the already great emphasis on norm-referenced tests in Chapter 1. Further, the available support from State education agencies (SEAs) and Chapter 1 TACs for the development of improvement plans has been quite limited. Chapter 1 also provides grants to the States specifically for the development and implementation of Chapter 1 improvement

programs; however, in many cases these grants are too small to have a significant impact on individual schools.

The basic issue is how to make the program improvement process less mechanical, base it on better and richer assessments, and provide more substantial assistance to schools once they are identified. A resolution of these concerns might involve a combination of: reliance on a broader range of assessment data than the currently common norm-referenced tests; higher funding for program improvement grants; greater TAC resources and possibly greater funding for SEAs to develop relevant expertise; and placement of schools into the process, plus provision of additional aid to them, for periods of greater than 1 year (as already occurs in some States).

Schoolwide Plans. Schools whose proportion of pupils from low income families is 75% or more are allowed to conduct their programs on a schoolwide basis, if they meet certain additional requirements. Thus, Chapter 1 funds could be used to improve the overall school program, affecting all students, rather than limiting Chapter 1 services to the specific pupils who are most educationally disadvantaged. In recent years, the number of Chapter 1 schoolwide plan sites has grown rapidly, yet is still an estimated 25-33% of eligible schools, and a very small proportion of all Chapter 1 schools.

The popularity of the schoolwide plan provision has increased interest in expanding it, primarily through reducing the 75% poor pupil threshold. In theory, the schoolwide plan concept has substantial promise for eliminating the frequently marginal nature of Chapter 1 services, fully integrating them, and the pupils served, with the overall instructional program and pupil population. Further, many current theories about effective instructional improvement for the disadvantaged emphasize enhancing the entire educational program for these children, rather than the approach that has been typical of Chapter 1 -- intensive, supplementary, but directly affecting only a small share of the pupil's time in school. Schoolwide plan sites are also likely to be the most appropriate schools for provision of comprehensive services to Chapter 1 participants, networking with other social services, to help meet the multiple educational and other needs of children living in high poverty areas and their families.

Nevertheless, the evidence on current implementation of schoolwide plans, especially the frequent use of the funds simply to marginally reduce class size schoolwide, indicates that participating schools and LEAs may need more guidance on the most effective ways to use their expanded authority. Further, proposals to lower the 75% eligibility threshold for schoolwide plans might be weighed against efforts to encourage more of the currently eligible schools to participate.

Proposals for Increased Flexibility. Over the last several years, local Chapter 1 grantees have been provided with increased flexibility in deciding how best to use this assistance, through both statutory changes and regulatory revisions. However, proposals were made in the 102nd Congress to provide even greater flexibility to LEAs in their use of Federal aid under Chapter 1 and other Federal elementary and secondary education programs, and similar proposals are likely to be offered in the 103rd Congress.

In 1991, the Bush Administration proposed the authorization of regulatory waivers for Chapter 1 and other Federal education assistance programs, in return for new forms of outcome-based accountability. Individual LEAs could negotiate for the waiver of

almost any current program regulation, in exchange for evidence of improved pupil performance. While this provision was not adopted by the Congress, legislation was passed by both the House and Senate, but not enacted, that would have authorized demonstration programs of regulatory waivers in a limited number of States and LEAs (S. 2, the Neighborhood Schools Improvement Act). The final, conference version of this legislation would have authorized a demonstration program of regulatory flexibility involving not more than 10 States and a maximum of 75 schools in 20 LEAs of each participating State. The authority would have permitted waiver or modification of many Federal and State requirements for selected programs. Deregulation activity would be intended to improve services to disadvantaged children, and eligible schools limited to those participating in the Chapter 1 program. Waivers would not be granted for identified civil rights statutes, and all waiver authority would have terminated at the end of FY1997.

A key issue with respect to provision of additional flexibility to local Chapter 1 programs is whether the accountability requirements, usually defined in terms of outcomes, provide an "appropriate" balance of flexibility and rigor. What remains unresolved is how to respond to this concern while meeting Federal objectives and making the outcome requirements "meaningful" and substantial. Perhaps further evolution of current efforts to establish a national system of voluntary educational standards and assessments will provide a means of making Federal education program outcome requirements more rigorous and meaningful, but implementation of such a system remains several years in the future, if it occurs at all. In the meantime, reliance on standards and assessments developed by States is perhaps the most practical approach to assuring accountability in terms of program outcomes. While these standards and assessments would not currently be consistent across States, they would at least be consistent within States, and would likely be preferable -- e.g., less narrow, better coordinated with school curriculum -- to a reliance on standardized, norm-referenced tests. Another possible alternative might be a requirement that LEAs or schools seeking regulatory waivers receive approval from representative committees of parents and other advocates eligible to be served by Chapter 1.

Incentives for Improved Performance. Over most of Chapter 1's lifetime, there were neither financial incentives, nor disincentives, for improved pupil performance in Chapter 1 programs. Funds were usually allocated, and target areas selected, on the basis of counts of poor, not low-achieving, children. However, along with additional accountability requirements, there has been increasing interest in providing additional financial incentives for improved performance in Chapter 1. The 1988 amendments to Chapter 1 added authority for LEAs, with SEA approval, to use up to 5% of their grants for "innovation projects." These projects may include several activities intended to reward high performance, such as incentive payments to schools that have demonstrated significant success in raising pupil performance; and the continuation of Chapter 1 services to pupils who were eligible in any previous year, but whose achievement has increased so that they no longer meet the standard eligibility requirements. However, a State survey of the initial implementation of the innovation authority found that relatively few LEAs were using this option. Reasons offered for this low rate of use of the innovation authority were the relatively small size of the 5% authority, limited funds -- relative to need -- in the Chapter 1 grant overall, and the relatively narrow range of activities for which the innovation funds could be used.

The Congress might considering modifying this provision or adding new ones to encourage broader use of financial incentives by LEAs or States. One proposal that has been promoted by both the Administration and Congress in recent years, but not yet enacted, is that for "merit grants" to schools with especially high, or substantially improved, performance. Merit school proposals specifically for Chapter 1 schools might establish a separate appropriation for high performing Chapter 1 schools. A focus on **improvement** in achievement, rather than its absolute level, would make it possible for schools serving the most disadvantaged pupils to compete for grants, and would indirectly control for large differences among schools in pupil intake and instructional resources.

Technical Assistance and Research. Somewhat increased attention has been devoted to technical assistance and research related to Chapter 1 in recent years. Technical assistance is provided by both the regional TACs, as well as an overlapping series of TACs focused only on rural schools and LEAs. The TACs are private, usually but not necessarily nonprofit, organizations under contract to ED to provide services either to all, or only rural, SEAs, LEAs, and schools in a multi-state region of the Nation. Concerns have focused on whether TAC staffing and other resources have kept pace with their expanding responsibilities, and whether there should remain a separate network of rural TACs.

In addition to national evaluations of Chapter 1 and related research, ED also supports research and experimentation through a Center for Research on Effective Schooling for Disadvantaged Students. Interest has been expressed in substantially expanding the level of Federal support for this activity. In the 102nd Congress, a bill to extend the authorization for the Office of Educational Research and Improvement (OERI) that was passed by the House, but not enacted, would have established a National Institute for the Education of At-Risk Students, with a range of responsibilities, and level of funding, significantly greater than the current Center (H.R. 4014). This institute would have supported research on the education of disadvantaged students both directly and through contracts or cooperative agreements, awarded research fellowships, conducted demonstration programs, and provided technical assistance, with an annual authorized appropriation level of $20 million. Others have suggested that 1% of Chapter 1 LEA grants be reserved for research activities; for FY1993, this would amount to $61.3 million.

Parental Involvement

Throughout the history of the Title I/Chapter 1 program, the active involvement of parents in the education of disadvantaged children has been considered by many observers to be very important for program success. However, there is a continuing tension between the desire to increase parental involvement in Chapter 1 programs, and a disinclination to prescribe specific, "inflexible" methods for doing this.

Under ESEA Title I prior to 1981, the primary means for encouraging such parental involvement was a mandatory system of school- and LEA-level parental advisory councils. While these councils provided for at least a minimal level of influence on program activities by a group of parent representatives, the councils did not assure any active involvement on the part of individual parents in the education of their children. Further, the role and authority of the councils were frequently

ambiguous, and many local school administrators viewed the councils as interfering with their authority and responsibilities.

Opinions differ widely on the most effective means for Federal legislation to encourage parental involvement, or whether any Federal legislative requirement is likely to substantially affect involvement of the parents of Chapter 1 participants. It might be argued that the only constructive action the Federal Government can take in this regard is to make clear to LEAs their responsibility to involve parents in Chapter 1 programs, but to leave the nature of that involvement to LEA discretion, which is essentially what was provided in Chapter 1 between 1981 and 1988.

Under the current Chapter 1 statute, LEAs are required to implement procedures "of sufficient size, scope, and quality to give reasonable promise of substantial progress toward achieving the goals" of *informing* parents about the Chapter 1 program, *training* parents to help instruct their children, and *consulting* with parents. LEAs are required to: develop written policies for parental involvement in planning and implementing Chapter 1 programs; convene an annual meeting of parents of all participating pupils at which parent activities are to be explained; provide to each parent a report on his/her pupil's progress and, "to the extent practical," conduct an annual parent-teacher conference for each pupil; plus provide program information and an opportunity for regular meetings for parents, if the parents so desire. Several specific forms of parental involvement are listed in Chapter 1 as mechanisms that LEAs *may* adopt to meet their responsibilities in this area. LEAs must also communicate with parents in a language and form of communication that the parents understand. Further, innovative parental involvement activities are included among the authorized innovation projects for which LEAs may use up to 5% of their Chapter 1 grant.

One approach to strengthening parental involvement in Chapter 1 might be to place greater emphasis on services to the parents of Chapter 1 participants, in recognition of the fact that these individuals often have multiple problems of poverty, limited English language proficiency, etc., that make it very difficult for them to be actively and effectively involved in their children's education. For example, when LEAs distribute Chapter 1 funds among participating schools, usually primarily on the basis of the number of children to be served, parents being provided with basic education or parenting skills training could be added to the child counts. Alternatively, specific amounts of funds could be allocated at the State or local level for services to parents, or the innovation projects authority could be expanded to reserve a particular amount of money just for innovative services to parents. One such approach is the Even Start program authorized in Part B of Chapter 1 (FY 1993 appropriation -- $89.3 million). Under Even Start, services are provided jointly to disadvantaged children, aged 1-7 years, and their parents who lack a high school diploma. Parents receive both parenting skills training and basic academic instruction.

This approach might also be combined with efforts to provide "comprehensive services" to Chapter 1 participants, including parents among the service recipients and, to the extent possible, using them as aides in providing service. For example, actively involved Chapter 1 parents could be used as liaisons to other parents who have not become so involved in their children's education, or who have not partaken of needed services offered by the school. This could be an extension of efforts by Chapter 1 staff to coordinate a variety of needed services to participating pupils through referrals, etc.

A concern about all of these approaches would be the possible dilution of limited funds to serve Chapter 1 pupils.

Services to Nonpublic School Pupils

Since its initiation, Chapter 1 has provided aid to disadvantaged children attending both public and nonpublic schools. The legislation has required that educationally disadvantaged children attending nonpublic schools be served in an equitable manner, in comparison to those attending public schools, taking into account the number of such children attending nonpublic schools and their particular educational needs. A 1985 U.S. Supreme Court decision (*Aguilar v. Felton*) declared unconstitutional the practice of providing Chapter 1 services to pupils of religiously affiliated nonpublic schools by sending public school teachers or other staff into such schools. Since this had previously been the dominant method of providing such services, and the majority of nonpublic school pupils attend religiously affiliated schools, most LEAs serving nonpublic school pupils under Chapter 1 have had significant difficulty continuing to serve these pupils while complying with the Court's mandate.

Techniques for serving nonpublic school pupils under Chapter 1 that have been adopted by various localities in response to the *Aguilar* decision often require additional costs, may violate requirements that Chapter 1 services to non-public school pupils be equivalent to those provided to public school pupils, or may involve time loss and inconvenience for some nonpublic pupils. As a result of these difficulties, nonpublic pupil participation in Chapter 1 has remained below the level for 1984-85.

The most significant new provision for serving nonpublic pupils that was adopted in the 1988 Hawkins-Stafford Act was the authorization of specific appropriations to pay the additional so-called "capital expenses" of serving nonpublic school pupils under Chapter 1 as a result of the *Aguilar* decision. "Capital expenses" are defined as costs for purchasing, leasing, or renovating facilities, transportation, insurance, maintenance, or similar goods and services.

Methods to serve nonpublic school pupils under Chapter 1 that go beyond the provisions adopted in 1988 have in the past run into serious policy or constitutional concerns. The various voucher or public-nonpublic school choice proposals made by the Reagan and Bush Administrations and others in recent years have not thus far received favorable consideration by the Congress, and would face legal challenges if enacted. There are also many technical problems with such proposals, e.g., Chapter 1 is currently conceived and structured as a "group service" program, not an individual grant, and the amounts currently spent per child served can only buy a substantial range of services when combined with the grants for several other children. Typical Chapter 1 grants per child served are lower than average nonpublic school tuition levels. In Milwaukee, a public-nonpublic school choice program for a limited number of children from low income families has been adopted, with mixed results.

Some LEAs have attempted to avoid these difficulties by using certain of the newer instructional technologies. For example, an LEA might lend personal computers to a school for use by the school's Chapter 1 participants, under the supervision of a regular member of the school's staff (who does not receive compensation from Chapter 1); or classrooms might be linked through telecommunications. Another approach to increasing the share of nonpublic school pupils who participate in Chapter 1 might be

to heighten the attention to this concern on the part of local administrators. For example, LEAs might be required to justify especially low rates of nonpublic school pupils participation in their programs, perhaps in any situation where the proportion of nonpublic school pupils (i.e., share of total pupils in nonpublic schools) participating in Chapter 1 is less than perhaps ⅓ or ½ of the proportion of public school pupils (i.e., share of total pupils in nonpublic schools) who participate. Another approach might be the provision of financial or other awards to LEAs that significantly increase the proportion of eligible nonpublic school pupils whom they serve under Chapter 1.

FOR FURTHER READING

Chapter 1 -- Education for Disadvantaged Children: Reauthorization Issues. CRS Report for Congress 92-878 EPW, by Wayne Riddle, Nov. 20, 1992. 67 p.

The Distribution Among the States of School-Age Children in Poor Families, 1990 Versus 1980: Implications for Chapter 1. CRS Report for Congress No. 92-485 EPW, by Wayne Riddle, June 8, 1992. 6 p.

Elementary and Secondary Education Act of 1965: FY 1993 Guide to Programs. CRS Report for Congress No. 92-625 EPW, by Paul M. Irwin, updated Nov. 25, 1992. 34 p.

National Assessment of the Chapter 1 Program: The Interim Report. U.S. Department of Education, Office of Policy and Planning. June 1992. 178 p.

National Education Goals and Federal Policy Issues: Action by the 102nd Congress. CRS Report for Congress 92-884 EPW, by James B. Stedman and Wayne Riddle, Nov. 30, 1992. 21 p.

Selected Reform Options for Federal Education Policies and the Elementary and Secondary Education Act. General Distribution Memorandum, by the Education Section, EPW, Oct. 23, 1992. 43 p.

Urban Education: Proposals for Reform. CRS Report for Congress No. 92-653 EPW, by Catherine Jovicich, Aug. 12, 1992. 28 p.